

RESOLUTION NO. 89-01

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
CONCERNING THE FINANCING OF LOANS FOR SINGLE FAMILY
RESIDENCES AND THE ISSUANCE OF THE AGENCY'S
NOTES AND BONDS FOR THAT PURPOSE

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance to persons and families of low or moderate income to enable them to purchase moderately priced, single family residences (the "Residences");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to provide such financial assistance by means of ongoing programs (collectively, the "Program") to make lower-than-market-rate loans for the permanent financing of Residences (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue notes and bonds to provide sufficient funds to finance the Program, including the purchase of Loans, the payment of capitalized interest on the notes and bonds, the establishment of reserves to secure the notes and bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the notes and bonds;

WHEREAS, the Agency, pursuant to the Act, has from time to time issued various series of its Single Family Mortgage Purchase Bonds (the "SFMP Bonds"), its Home Ownership and Home Improvement Revenue Bonds (the "HOHI Bonds"), its Home Mortgage Revenue Bonds (the "HMP Bonds") and its Home Ownership Mortgage Bonds (the "HOM Bonds") and is authorized pursuant to the Act to issue additional HMP Bonds, HOM Bonds and bonds that may be issued under a new indenture (collectively, together with the HMP Bonds and HOM Bonds, the "Bonds") to provide funds to finance the Program;

WHEREAS, the Agency is authorized pursuant to the Act to issue notes (the "Notes") to provide funds to finance the Program and to offer and sell from time to time one or more series of such Notes to be issued under one or more indentures and sold pursuant to one or more credit agreements to provide moneys to finance Loans until such time as such Loans may be financed by bonds; and

WHEREAS, the Housing Bond Credit Committee, pursuant to the Act, is required to determine the general adequacy of the Program's security in protecting the credit of the State of California;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Housing Finance Agency as follows:

Section 1. The Agency is of the opinion and hereby determines that the issuance of one or more series of HMP Bonds, one or more series of HOM Bonds and one or more series of Bonds issued under a new indenture, in an aggregate amount not to exceed the sum of (i) the aggregate amount of SFMP Bonds, HOHI Bonds, HMP Bonds and/or HOM Bonds to be redeemed or maturing in connection with such issuance, (ii) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, and (iii) if and to the extent interest on one or more of such series is determined by the Executive Director to be intended not to be excludable from gross income for federal income tax purposes, \$200,000,000, is necessary to provide sufficient funds for the Program. The proper officers of the Agency are hereby authorized to apply from time to time for private activity bond allocations in an aggregate amount of up to \$600,000,000 from the 1989 state ceiling, to be used in connection with bonds issued under this resolution or resolutions hereafter adopted by the Agency.

Section 2. The Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before December 31, 1989, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance. The Executive Director is hereby requested and authorized to submit to the Housing Bond Credit Committee a statement of the purpose for which the Bonds are proposed to be issued and the amount of the proposed issuance.

Section 3. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Treasurer, as Trustee under that certain indenture pertaining to the HOM Bonds (the "HOM Indenture") and that certain indenture pertaining to the HMP Bonds (the "HMP Indenture"), and to The Bank of California, National Association, as Co-Trustee under the HMP Indenture (collectively, the "Trustees"), with respect to each series of Bonds, a supplemental indenture (a "Supplemental

Indenture") pertaining to such series in substantially the form of the respective supplemental indentures previously executed and delivered, each with such changes therein as the officers executing the same approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Alternatively with respect to any of such series of Bonds, the Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute, acknowledge and deliver to the Treasurer as trustee and/or, if appropriate, to a duly qualified bank or trust company selected by the Executive Director to act as trustee or co-trustee with the approval of the Treasurer, a new general indenture (the "New Indenture") and a Supplemental Indenture, each in a form similar to one or more of the general indentures or supplemental indentures, respectively, previously executed and delivered under the Program, each with such changes therein as the officers executing the same approve, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in the New Indenture may include, without limitation, modifications in the level of required mortgage insurance coverage for Loans, provision for use of mortgage insurance provided by the Housing Insurance Fund and similar resources, provision for a supplemental pledge of Agency moneys and provision for the Agency's general obligation to additionally secure the Bonds if appropriate in furtherance of the objectives of the Program.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program, those matters required to be determined under the HOM Indenture, the HMP Indenture or the New Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, the mortgage reserve account requirement, if any, supplementary reserve account requirement, if any, bond reserve account requirement, if any, and reserve account requirement, if any, for such series. There is hereby expressly authorized, as additional security for the Bonds (and/or for the Notes authorized hereby), a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act or from other available assets of the Agency into the funds and accounts held under the appropriate indenture in an amount not to exceed ten percent (10%) of the original principal amount of mortgage loans expected to be made or purchased with the proceeds of the Bonds.

Section 4. The Bonds shall be in such denominations, have such registration provisions, be executed

in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Supplemental Indenture as finally approved shall provide. The Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; provided that no Bond shall have a term in excess of fifty years or bear interest at a stated rate in excess of twelve percent (12%) per annum, or, if interest is determined to be intended not to be excludable from gross income for federal income tax purposes, fifteen percent (15%) per annum. Any of the Bonds and the Supplemental Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Bonds prior to maturity to a person other than the Agency and to accommodate bond insurance or other credit enhancement.

Section 5. The Bonds are hereby authorized to be sold at negotiated sale or sales. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, upon consultation with the Treasurer, to execute and deliver one or more purchase contracts with Merrill Lynch Capital Markets (Merrill Lynch, Pierce, Fenner & Smith, Incorporated), Shearson Lehman Hutton Inc., and/or such other underwriters, if any, as the Executive Director may select in consultation with the Treasurer (collectively, the "Underwriters"), in the form or forms approved by the Executive Director upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said purchase contract by the Executive Director.

Section 6. The Treasurer is hereby authorized and requested, without further action of the Board of Directors of the Agency and unless instructed otherwise by the Board of Directors of the Agency, to sell each series of Bonds at the time and place and pursuant to the terms and conditions set forth in the applicable purchase contract as finally executed. The Treasurer is hereby further authorized and requested to cash and deposit the proceeds of any good faith deposit check to be received by the Treasurer under the terms of a purchase contract in a special trust account for the benefit of the Agency, and the amount of said check shall be applied at the time of delivery of the applicable Bonds, as the case may be, as part of the purchase price thereof or returned to the Underwriters as provided in the applicable purchase contract.

Section 7. The Executive Director is further authorized to hold information meetings concerning the Bonds and to distribute other information and material relating to the Bonds.

Section 8. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with the Supplemental Indenture(s) and in one or more of the forms set forth in the Supplemental Indenture(s).

Section 9. The Bonds, when so executed, shall be delivered to the Trustees to be authenticated by, or caused to be authenticated by, the Trustees. The Trustees are hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by executing the certificate of authentication and registration appearing thereon, and to deliver the Bonds when duly executed and authenticated to the Underwriters in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the Underwriters upon payment of the purchase price or prices thereof.

Section 10. The Executive Director and the other proper officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more Mortgage Purchase and Servicing Agreements with such lender or lenders as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders is to be deemed approved by this Board as if it had been made by this Board.

Section 11. The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Bonds and, after the sale of the Bonds, to execute and circulate one or more Official Statements relating to the Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Bonds is hereby approved.

Section 12. The Agency is also of the opinion and hereby determines that the issuance of one or more series of Notes issued under a new indenture, in an aggregate amount not to exceed the sum of the amount of Bonds issued or to be

issued pursuant to this resolution and the amount of the unused proceeds of any previously issued HMP Bonds, is necessary to provide sufficient funds for the Program, and hereby authorizes Notes in such aggregate amount to be issued. The Executive Director is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver a credit agreement (the "Credit Agreement") in a form similar to that utilized with respect to the Agency's Revolving Credit Agreement Notes, with such changes as the Executive Director may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Credit Agreement may be with one or more banks or other financial institutions and in such form as will permit the Agency to borrow from such banks or financial institutions at any time or from time to time an amount not to exceed the amount of Notes authorized to be issued pursuant to this resolution. The obligation of the Agency to repay each such borrowing shall be evidenced by the Notes, which may be issued in such series, have such denominations, such registration and redemption provisions, such places and mediums of payment and such maturities and bear interest at the fixed or variable rate or rates (not exceeding twelve percent (12%) per annum) specified in the Credit Agreement, all as the Executive Director deems appropriate upon consultation with the Treasurer.

The Executive Director and Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver to the Treasurer as trustee and/or, if appropriate, to a trustee or co-trustee selected by the Executive Director with the approval of the Treasurer, one or more new general indentures and one or more supplemental indentures, similar in form to the general indenture and supplemental indenture used with respect to the Agency's Revolving Credit Agreement Notes, each with such changes therein as the officers executing the same approve, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in such new indenture may include, without limitation, modifications recognizing that interest on the Notes may not be excludable from gross income for federal income tax purposes, modifications recognizing that the Notes are financing the Program rather than the Multi-Unit Housing Finance Program, provision for a supplemental pledge of Agency moneys as authorized in Section 3 hereof and provision for the Agency's general obligation to additionally secure the Notes, in each case if appropriate in furtherance of the objectives of the Program.

The Executive Director is hereby authorized and directed to submit to the Housing Bond Credit Committee a

statement of the purpose for which the Notes are proposed to be issued and the tentative aggregate amount of such proposed issues.

The Executive Director is hereby authorized and directed to execute and deliver, or cause to be delivered, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Notes, in an aggregate amount not to exceed the amount authorized hereby, in accordance with an appropriate supplemental indenture and in one or more of the forms set forth in such supplemental indenture.

Section 13. All actions previously taken by the Agency relating to the Program and the issuance of the Bonds and Notes, including, but not limited to, if applicable, the distribution of its Program Manual, Mortgage Purchase and Servicing Agreement, Developer Agreement, Servicer's Guide and application to originate and service loans are hereby ratified.

Section 14. The Treasurer and the officers of the Agency, or the duly authorized deputies thereof, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and Notes and otherwise to effectuate the purposes of this resolution. Such agreements may include a tender agreement or similar agreement regarding any put option for the Bonds, agreements for the investment of moneys relating to the Bonds and Notes and reimbursement agreements relating to any credit enhancement provided for the Bonds or the Notes.

Section 15. In the Executive Director's absence or upon his authorization, all actions by the Executive Director herein approved or authorized may be taken by the Director of Financing of the Agency.

Section 16. The last sentence of Section 1 of Resolution No. 88-08, adopted by the Agency on May 12, 1988, is hereby amended by substituting the date January 12, 1989 for the date July 1, 1989 appearing therein.

SECRETARY'S CERTIFICATE

I, Robert L. McWhirk, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution 89-01 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 12th day of January, 1989, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES: Geoghegan (by Brown); Hendricks; Langston; O'Brien;
Reed; Sterpa

NOES: None

ABSTENTIONS: None

ABSENT: Baldwin; Gordon; Hawkins; Hayes

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 12th day of January, 1989.



[SEAL]

Secretary of the Board of
Directors of the California
Housing Finance Agency